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1 RECORD OF ORAL HEARING
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3 UNITED STATES PATENT AND TRADEMARK OFFICE
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5

6 BEFORE THE BOARD OF PATENT APPEALS
7 AND INTERFERENCES
8

9

10 *Ex parte* DAVID M. OLIVER, WILLIAM P. DENSMORE JR., and
11 MICHAEL J. CALLAHAN
12

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14 Appeal No. 2009-005524
15 Application No. 09/036,236
16 Technology Center 3600
17

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19 Oral Hearing Held: May 6, 2010
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22 Before MURRIEL E. CRAWFORD, JOSEPH A. FISCHETTI, and
23 BIBHU R. MOHANTY, *Administrative Patent Judges.*
24

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1 CLERK: Good morning. Calendar Number 28, Appeal No. 2009-005524,
2 Mr. Hoffberg.
3 JUDGE CRAWFORD: Good morning.
4 MR. HOFFBERG: Good morning.
5 I'd like to spend a few moments discussing an overview of the case, and I
6 welcome your questions. The Patent Application in this case involves a
7 three-party authentication system for accessing content over the Internet.
8 One of the issues in a commercial system is how do you guarantee payment.
9 The idea in this system is the user has a home base, a publisher that he has a
10 relationship with, and a credit account. Through that home base and
11 international service he is able to access and use content from other
12 providers without disclosing his credit information to the other providers.
13 In a micro-payment system -- one of the differences between a micro-
14 payment and a credit card is that micro-payments tend to be below the
15 threshold for which credit cards are efficient. So a credit card payment can
16 require -- when this application was written, it was 25 cents. Now it may be
17 37 cents for a single credit card swipe.
18 If you're trying to sell content at 10 cents or 25 cents, that's a money-losing
19 proposition.
20 In order for an effective micro-payment system to work and still be charged
21 through a credit card, you have to aggregate the payments. This leaves a gap
22 in the system between when the user incurs the obligation to pay and when
23 there's actually a payment made. That's part of the problem this system was
24 intended to address.

- 1 Another issue that arises is if you have unauthenticated or non-settled
- 2 transactions floating around the Internet, they can be an insecurity.
- 3 So another piece of this puzzle is to make sure that even though you're
- 4 authorizing monetary transactions, you don't have a security breach and an
- 5 ability by third parties to access and misuse whatever information is being
- 6 transmitted.
- 7 The third related issue is privacy. A user doesn't necessarily want many
- 8 parties on the Internet to know what content he's accessing and how much
- 9 he's paid for it, etc., etc. So what you try to do is separate the payment from
- 10 an identification of the information that is being paid for. That's another
- 11 issue that was being resolved in the collect-share system.
- 12 When you look at all the moving pieces here, one of the things that became
- 13 apparent to the Inventors is you had to deploy the technology to see how to
- 14 move the information around before you could charge for it.
- 15 So they were forced to make some decisions, and one of those decisions was
- 16 they would deploy an alpha test, which is an experimental use of the
- 17 technology, without the transaction capability.
- 18 Because they were still developing the transaction capability at the time that
- 19 they did the test, there was no transaction capability. They couldn't charge.
- 20 They didn't have the infrastructure worked out, and if you read the critical
- 21 reference here, which is called Exhibit O, it says the transaction capability is
- 22 in the future. I think that's a critical piece of this case.
- 23 JUDGE FISCHETTI: Where do you see that, Counsel?
- 24 MR. HOFFBERG: The third paragraph, second sentence reads:

1 "Transaction handling capabilities in an early phase of publishing members
2 will be launched in early 1996."
3 The key there is the future test.
4 JUDGE MOHANTY: But that to me just says the launch date. There are
5 several other things in the reference that seem to describe this as, you know,
6 the whole framework is set up for how this is going to run.
7 MR. HOFFBERG: The actual accounting mechanism didn't exist. That was
8 a future test.
9 JUDGE MOHANTY: The standard for this is whether this reference
10 provides sufficient detail to enable a person of ordinary skill in the art to
11 carry out the invention.
12 Everything I see in here sets up the framework. There's not any computer
13 programming code, but there's no requirement that there is actual code to go
14 ahead and do this.
15 MR. HOFFBERG: Let me give you a hypothetical. If AOL were to cache a
16 web page that was normally a charged-for web page, how do you assure the
17 content provider that the cache page is charged? How do you address that
18 issue? How do you deal with that contingency?
19 Again, that was one of many issues that Click Share was trying to address
20 when they were still deploying this at an early stage. They didn't even know
21 to what extent that was a problem.
22 You know, whether you could set the lifetime of the page to zero so it
23 expires immediately, and the question is would AOL respect that the lifetime
24 -- you know, the expiration of the web page, or would they just cache it as
25 long as they wanted?

1 So, you know, the problem was there were aspirations listed here. Of course
2 you have to tell people what the economic model is, but that doesn't mean
3 you could actually implement that economic model.

4 JUDGE MOHANTY: I don't see anything here that appears to be to be any
5 kind of programming or something that doesn't seem to me to be really out
6 of the art to come up with this code.

7 You seem to imply that somehow there is, but that's not the requirement.
8 The requirement is could somebody with ordinary skill look at this, and I
9 think the Examiner has done a very good job of going through and mapping
10 where everything is. I don't see where there's anything in here that doesn't
11 appear to be out of the ordinary programming.

12 MR. HOFFBERG: First of all, I think the law of the Fed. Circuit and the
13 Board of Appeals on Paragraph 6 is applicable here.

14 JUDGE MOHANTY: No, that's actually the standard for enablement under
15 102(b) is different than the standard for 112(6). This is a 102 rejection we're
16 talking about.

17 MR. HOFFBERG: True, but it has to meet the element of the claim. The
18 element of the claim, for example, the 1(c) is a sub -- therefore, the scope of
19 that element is defined by the specification.

20 JUDGE MOHANTY: Well, if you're going to use "means plus" language,
21 you haven't provided any algorithms yourself.

22 MR. HOFFBERG: There's no algorithm in the structures. We're not just
23 saying it's a general purpose computer. We define structure, and there is
24 some --

25 JUDGE MOHANTY: If you're going to say -- I'm using "means plus"

1 function language there, I don't see any algorithm at all in your specification
2 for how to --
3 JUDGE FISCHETTI: He's saying you fail under Aristocrat. If you're going
4 to use "means plus" function in your claims, then we're going to look to the
5 spec to find support for that; and we see none.
6 MR. HOFFBERG: I'm looking at, for example, Paragraphs 164 to 231.
7 You know, there is some code there. There is some description of what is
8 going on.
9 JUDGE MOHANTY: Excuse me? Where's this in your specifications?
10 MR. HOFFBERG: Section 5.1 or 5.5. There's a whole block of code there.
11 Critically this is what discloses --
12 JUDGE MOHANTY: I'm not really sure this shows me an algorithm here.
13 5.5?
14 MR. HOFFBERG: 5.5, this is talking about the data structure.
15 JUDGE FISCHETTI: Is the token -- is this the settlement means that we're
16 talking about?
17 MR. HOFFBERG: The token is what's being communicated to the
18 settlement means, or is part of the settlement means. Part of it is
19 communication, and it's a critical part.
20 JUDGE FISCHETTI: So we still don't know what the settlement means is
21 according to the specification. It hasn't defined it.
22 MR. HOFFBERG: Paragraph 162 certainly is describing the operating
23 system, the language. Presumably there's a computer under there. I think
24 there's probably a computer described in here.
25 JUDGE MOHANTY: Reference O at page 4 talks about settling monthly

- 1 charges and transaction fees.
- 2 MR. HOFFBERG: True, but it doesn't say how to do it.
- 3 JUDGE MOHANTY: I'm not sure that somebody of ordinary skill in the art
- 4 couldn't see this and set up a framework for settling accounts.
- 5 MR. HOFFBERG: I think that involves an end of skill. Somebody has to
- 6 sit down and figure out some very hard questions.
- 7 JUDGE MOHANTY: The standard is there's sufficient detail there to
- 8 enable a person of ordinary skill in the art to figure out the invention. I don't
- 9 see anything here that's out of the ordinary, in terms of just generic
- 10 programming, and putting the invention together.
- 11 The disclosure here -- it's not required to go through and set out every line of
- 12 code.
- 13 MR. HOFFBERG: But it is required to answer the question instead of ask
- 14 the question. What I see here is a series of aspirations and not how do you
- 15 actually implement the aspirations.
- 16 It's one thing to say we're going to settle monthly, but it's another question to
- 17 say do we settle every account on the first of the month? What sort of
- 18 hardware do you need to implement a global settlement on a single day?
- 19 What do you do if you're settling daily on a 28-day month?
- 20 JUDGE MOHANTY: There's nothing in your claims about settling on the
- 21 28th of the month.
- 22 MR. HOFFBERG: Right, but it's a question that has to be answered. If
- 23 you're going to implement this, you have to make these decisions.
- 24 Somebody has to go through and do the programming, and that requires
- 25 inventive skill.

1 JUDGE FISCHETTI: In taking the context out of 112(6), for example, and
2 going to a share method claim such as 18 where you in (c) talk about a
3 settlement account, how then does your argument stand without the
4 buttressing of the required algorithm that you argued relative to Exhibit O?

5 MR. HOFFBERG: I think our focus there was element (d) in Claim 18 or at
6 least element (d), which is assuring. That gets down
7 to -- you know, it's one thing to say you're going to charge, but if the content
8 is in the clear on the Internet, how do you make sure it's actually charged?
9 How do you make sure somebody delivering the content is actually paid?

10 I don't see it in Exhibit O any statement or any enabling disclosure how you
11 assure it. Somebody has to go through, and that's part of the reason why
12 there was an alpha test is to see what the real Internet does. That was an
13 unknown because there's a lot of human factors involved.

14 Without a test where you see how people behave and how companies behave
15 and how the network behaves, especially since it's kind of a moving target,
16 you know, every time they publish a new standard you have to be
17 compatible with that.

18 You couldn't answer the question until you tested it. You know, this wasn't
19 a question that was not answered. It was a question -- nobody doubted that
20 you had to assure payment, but answering that question was what the
21 invention was.

22 JUDGE MOHANTY: There's no requirement in the 102 reference that there
23 has to be a working model and it has to be a tested prototype --

24 MR. HOFFBERG: It has to be enabled.

25 JUDGE MOHANTY: Yes. I think the standard for enablement under 102 is

1 different than what's under 112. You seem to be arguing a 112 issue here for
2 enablement here, not 102.

3 I just don't see how -- you talk about high level chunks. I just don't see
4 anything here that doesn't seem to me to be just basic programming.

5 MR. HOFFBERG: Maybe I shouldn't be asking, but rhetorically -- where in
6 Exhibit O does it actually assure payment? It says you're going to charge,
7 but there's nowhere it actually gets down to say how you're actually going to
8 make sure that charge sticks.

9 JUDGE MOHANTY: Doesn't it say on page 4 it talks about the role in
10 tracking transactions, at least 50 percent of each transaction is interrupted?

11 MR. HOFFBERG: That's an economic model. Again, there was no system
12 working. This is not talking about a past tense system that actually delivers
13 50 percent. It's a future statement of how the system is intended to be
14 designed.

15 So the next step was to actually build the system that guaranteed 50 percent.

16 JUDGE CRAWFORD: You're saying a person of ordinary skill in the art
17 reading that reference would not know how to do it?

18 MR. HOFFBERG: It may well be intentionally that this press release
19 excluded technical details --

20 JUDGE CRAWFORD: That's not my question. The question is how would
21 a person of ordinary skill in the art view the document and what would they
22 do? Are they able to do it?

23 Are you saying they could not --

24 MR. HOFFBERG: I'm saying they could not. I'm saying that sitting down
25 with these questions, there were so many --

- 1 JUDGE CRAWFORD: That a person of ordinary skill could not.
- 2 MR. HOFFBERG: I'm sorry?
- 3 JUDGE CRAWFORD: You're saying a person of ordinary skill could not
- 4 do it.
- 5 MR. HOFFBERG: I'm saying when you look at this carefully, it's a series of
- 6 questions stated in the affirmative, not a series of answers, as to how you're
- 7 going to resolve the problems.
- 8 JUDGE CRAWFORD: I don't think that's the standard. The standard is
- 9 whether a person of ordinary skill when viewing this document would know
- 10 how to enable it.
- 11 Are you saying they wouldn't?
- 12 MR. HOFFBERG: I'm saying that they wouldn't. I'm saying --
- 13 JUDGE CRAWFORD: Do you have evidence of that in this case?
- 14 MR. HOFFBERG: No, we do not have an expert that's reviewed this
- 15 document and opined that it would not be possible.
- 16 JUDGE CRAWFORD: Okay.
- 17 MR. HOFFBERG: Again, the presumption of operability is only applicable
- 18 to issued U.S. patents. This is a press release. There's no presumption this
- 19 was operable.
- 20 JUDGE CRAWFORD: Well, it doesn't have to be operable.
- 21 MR. HOFFBERG: Enabling -- there's no presumption that it's enabling.
- 22 There's no statutory presumption that applies to this document that it's
- 23 anything more than puffery.
- 24 The statutory presumption applies to issued patents, not the press releases,
- 25 and especially in the early days of the Internet every company was forced to

1 issue perspective press releases.

2 JUDGE CRAWFORD: Well, it really doesn't matter how it was issued.

3 What matters is how a person of ordinary skill in the art read it, and what
4 they could take from it.

5 MR. HOFFBERG: Let me go back, Your Honor. I apologize. I believe that
6 in among the five Declarations of the Inventors, there was some discussion
7 as to what was involved in taking the system as it existed in October, '95 and
8 turning it into an operational system somewhere mid-'96. That there is
9 discussion there as to why this wasn't enabling and what was necessary in
10 order to get this system to work. I apologize.

11 When you look at this, I think it says how you want the accounting system to
12 work; but when you actually sit down and try to make an accounting system
13 work that assures payment and that settles the payments, you know, while
14 still providing something that operates acceptably, this doesn't answer the
15 questions.

16 JUDGE MOHANTY: I have one more question. Talking about Claims 36
17 to 62, you said the Examiner did not consider the Declarations.

18 Is there something you could point to me that he said I'm not going to
19 consider these declarations?

20 MR. HOFFBERG: Yes, the first Office Action after the RCE, I think.

21 JUDGE MOHANTY: I'm not talking about in the Appeal Brief that there's
22 something where he says I did not consider --

23 MR. HOFFBERG: In the Appeal Brief I say that in the Examiner's Answer
24 he completely ignores the issue. He never addresses in the Appeal Brief our
25 declaration seeking to antedate ever.

1 JUDGE MOHANTY: Is there anything where he specifically said I am not
2 going to consider these Declarations?

3 MR. HOFFBERG: Yes, the first Office Action after the RCE. I apologize,
4 it's going to take me a couple of minutes to find it.

5 If you look at the Answer, he doesn't address it in his Answer; and we
6 certainly asserted it since, probably, '04. In every one of our papers we
7 asked the Examiner to address the issue, and he didn't.

8 JUDGE MOHANTY: There are certainly times I think on both sides where
9 parties may not respond to something even though it's been considered. Do
10 you have a specific cite for me where he says I'm not going to consider this
11 declaration?

12 MR. HOFFBERG: Yes, I'm -- March 2, '05.

13 JUDGE MOHANTY: That's in response to the RCE being filed?

14 MR. HOFFBERG: I'm sorry?

15 JUDGE MOHANTY: That's in response to the RCE being filed? The
16 Examiner's paper dated March 2, '05?

17 MR. HOFFBERG: Let's see if it's in the June 3, '05 Office Action? Sorry,
18 this file got a little big.

19 I believe it was detailed -- the issue was detailed in the Brief.

20 JUDGE MOHANTY: I'll review the Brief. When I reviewed it I just didn't
21 see anything specific where the Examiner says I'm going to deny it. He may
22 have not addressed it, but I was having problems seeing where he said I'm
23 not going to consider this Declaration for whatever reason.

24 I'll review it.

25 MR. HOFFBERG: Even if he didn't say he was going to deny it, he never

1 rules on the issue.

2 I think, you know, it's terrible that for five years we're fighting this battle
3 where the Examiner hasn't looked at the information provided by
4 Declarations. We'd expect that degree of cooperation.
5 If we're going to spend the time submitting it, the Examiner should look at it
6 and definitively act on it.

7 Any other questions?

8 JUDGE MOHANTY: No questions.

9 JUDGE FISCHETTI: I had one other question. I wanted to follow up on
10 my Claim 18 question.

11 MR. HOFFBERG: Yes.

12 JUDGE FISCHETTI: I'd ask you how does that Section (d) answer the
13 question of assuring? It's a broad statement without any step which resolves
14 the issue that's on all our minds.

15 How did that payment get assured? Why isn't that recited? If that's the
16 answer to the questions on everybody's mind, why isn't that in the claim?

17 MR. HOFFBERG: I think what's required of the claim is it defined a scope
18 that was not in the prior art. The method claim, especially, is not required to
19 define the very details of the structure that implements the method.

20 JUDGE FISCHETTI: To me, it's just a goal.

21 MR. HOFFBERG: Except there's a thick specification that supports it.

22 Again, in looking at 112, paragraph 6, I understand the law hasn't
23 necessarily evolved in this direction, but 112, Paragraph 6, is the very same
24 statute that authorized methods claims.

25 JUDGE FISCHETTI: There'd be a step for if you were using 112. 112, 6

1 has both method and article phraseology that you could invoke. This does
2 not use a step for phraseology.

3 MR. HOFFBERG: True, but --

4 JUDGE FISCHETTI: So you can't be --

5 MR. HOFFBERG: -- the law does not forbid claiming -- if you were the
6 first to implement a particular method, the law doesn't forbid you from
7 claiming the scope of that step, as long as that step is supported in the
8 specification.

9 The question is then whether the prior art teaches that step or any
10 implementation of that step. We believe that within the scope of the claim,
11 within the context of the claim, nobody else had taught assuring payment,
12 least of all not ourselves.

13 We knew that wasn't assured because we were still trying to do it in October,
14 '95. We did not have a way of achieving that. This was still a work in
15 progress that we did not have the answers to. I think that's in the
16 Declarations of record as well.

17 Applicants themselves were struggling with this question. If we could have
18 deployed a model of the payment system, we probably would --

19 JUDGE FISCHETTI: Is there a dependent claim that further defines that
20 stuff that we could look to?

21 MR. HOFFBERG: I'm sorry?

22 JUDGE FISCHETTI: Is there a dependent claim upon which we could look
23 that would further define --

24 MR. HOFFBERG: I'm looking right now.

25 JUDGE FISCHETTI: -- or differentiate, I would say.

1 MR. HOFFBERG: Well, 22 gets to a little bit of that issue. A unique alpha-
2 numeric sequence that's part of ensuring the payment is knowing who your
3 client is.

4 Claim 24, again, is an authenticable (sic) token. Again, this is talking -- this
5 claim says the client can offer the token to multiple outside providers which
6 is, again, something that's not in Exhibit O.

7 You know, it's just as credible to interpret Exhibit O that a token was
8 specific for a single provider.

9 Claim 25 is talking about appending to a URL as the mechanism for
10 transport.

11 Claim 26 talks about a token is accepted by a service provider and
12 instantaneously submitted to the common service point. Again, that
13 architecture is not in Exhibit O.

14 JUDGE MOHANTY: All these things you're saying dependent claims in
15 your Appeal Brief -- it just recites the limitation of the claim though.

16 MR. HOFFBERG: Our feeling there is the reference didn't address the
17 issue. It's a factual question as to whether the reference met the claim or not.

18 JUDGE MOHANTY: But if you just recite what's in the claim, that's not
19 really an argument.

20 MR. HOFFBERG: Well, it forces the issue as to whether there's a prima
21 facie case to begin with. The Examiner doesn't make a prima facie case by
22 underlining some words that don't correspond to the claim and nothing I'm
23 going to say is going to change the language of the claim.

24 So it's the Examiner's burden to show equivalence of what's in the reference
25 to what's in the claim.

1 JUDGE MOHANTY: But if you're not specifically arguing beyond just
2 arguing limitations of claim, you're not arguing that limitation.
3 In the Appeal Brief if you just argue what's recited in the claim, that's not
4 considered an argument.

5 MR. HOFFBERG: True, but it still preserves the issue as to whether it was
6 a prima facie case in the first instance.

7 If the Examiner has failed to establish a prima facie case, our obligation is to
8 point that out. It then becomes a question of law. It's your obligation to
9 point it out, not merely recite it.

10 JUDGE MOHANTY: The Examiner has cited to places where he thinks it
11 is, and the rules say if you just recite what's in the claim, you're not making
12 an argument for that claim. Your Appeal Brief is largely connected to Claim
13 1, which we've gone over.

14 MR. HOFFBERG: That's true, the Appeal Brief is largely directed to the
15 independent claim.

16 JUDGE MOHANTY: Then all the dependent claims you kind of say this is
17 what's in the claim, and you kind of recite what's in the claim.

18 MR. HOFFBERG: Not all of them.

19 JUDGE MOHANTY: Largely. I'm not going to go through them all line by
20 line, but, you know, the rules are, if you don't argue specifically what the
21 reference is -- you just kind of recited what the claim recites.

22 MR. HOFFBERG: Yes, but I still think that the Examiner failed to recite a
23 prima facie case. This is not an obviousness rejection. We're looking at
24 equivalence or what might have been understood by a person of ordinary
25 skill. This is anticipation.

- 1 Does the reference say HTTP? Appending to an HTTP? If the claim recites
- 2 that and the reference doesn't recite that, I think the issue is preserved for the
- 3 Board when they see that in front of them.
- 4 What more need be said? Do I have to take the claim apart and say the
- 5 claim says this and then rephrase it? Rephrasing the claim is not the same as
- 6 the claim. The claim says what it says. Nothing I argue other than the claim
- 7 language is better than the claim itself.
- 8 The issue for the Board is ultimately is it anticipated? This is a 102(b)
- 9 rejection, and I don't think the Examiner has done any more than underline
- 10 pieces of the reference. He hasn't explained why it's anticipation. It doesn't
- 11 use the same words. It doesn't use the same concept.
- 12 JUDGE CRAWFORD: Any questions?
- 13 JUDGE FISCHETTI: No.
- 14 JUDGE MOHANTY: No.
- 15 MR. HOFFBERG: Thank you.

16 Whereupon, the proceedings at 10:05 a.m. were concluded.

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